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Statitrol Corporation

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MEMORANDUM TO OPTION HOLDER UNDER THE
1971 QUALIFIED STOCK OPTION PLAN OF THE
STATITROL CORPORATION

This memorandum is intended to summarize for you the terms and conditions of the stock option which has been granted to you by STATITROL CORPORATION (the "Company") under the above Plan (the "Plan"), and the probable Federal income tax consequences to you of your option.

The date of the grant of your option to you is the date of the execution and delivery of your written option agreement by or on behalf of the Company and yourself. Your option agreement specifies a number of shares of the Company's common stock which may be purchased by exercise of the option, and a price per share to be paid in full in cash upon exercise. This price is the established formula value of the stock on the date of grant of the option, as determined in accordance with the provisions of the Plan.

Your option is subject to all the terms and conditions of the Plan, and the Plan itself constitutes part of your option agreement. Your attention is called in particular to the provisions of the Plan under which (a) your option may only be transferred by will or the laws of descent and distribution (Section 7), (b) your option may be exercised during your lifetime only by you (Section 7), (c) your option may in no event be exercised less than one or more than five years after the date of grant (Section 6), and (d) your option may only be exercised while you are employed by the Company or one of its subsidiaries (Section 6) and will terminate upon your ceasing to be so employed (Section 8), except under certain circumstances relating to your voluntary resignation with the consent of the Company's Board of Directors (Section 8) or your death (Section 9).

You should carefully read your option agreement in order to determine whether the exercise of specified portions of your option is conditioned on your completion of specified periods of full-time employment with the Company or a subsidiary. Your option agreement may also contain provisions designed to insure that the stock acquired by the exercise of your option will be acquired for investment and not for resale or distribution. Your option agreement also sets forth the manner in which your option is to be exercised.

Your option is intended to constitute a "qualified stock option" within the meaning of the Internal Revenue Code of 1954. Assuming that your option does constitute a qualified stock option, you should realize no

income for Federal income tax purposes either upon the grant of your option to you or upon the exercise of your option. If you do not dispose of the stock purchased under your option for three years following the day you receive such stock, you should not realize any ordinary income with respect to your option at any time, but should realize long-term capital gain or loss if and when you sell the stock after the three-year period. The amount of such gain or loss should be the difference between the price you receive for the stock and the price you paid for it upon exercise of your option. If you dispose of your stock within the three year period (other than by a transfer at death to your estate, heirs or legatees), you should realize ordinary income in an amount equal to the excess of the value of the stock at the time of exercise of your option over the option price. The three-year holding period requirement need not be satisfied by your estate or any other person who acquires your option by bequest or inheritance or by reason of your death.

This memorandum contains only a summary of some of the principle terms and conditions of your option. Such terms and conditions are determined exclusively by your option agreement and the Plan, to which you should refer for definitive information. The Company cannot assume any responsibility for the opinions with respect to Federal Income tax matters set forth in this memorandum. You should rely exclusively on the advice of your own attorney with respect to the Federal Income tax consequences of your option.

STATITROL CORPORATION

By _____
President

DATED: _____